GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

STARRED QUESTION NO:221
ANSWERED ON:16.12.2004
EFFECT OF NEW CATERING POLICY ON SMALL VENDORS
Choudhary Shri Nikhil Kumar;Prasad Shri Hari Kewal

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Union Government has introduced a new Catering Policy in the railways;

(b) whether the Government propose to bring vendors, stalls and canteen at railway stations and in trains under the control of Indian Railway Catering and Tourism Corporation Ltd. (IRCTC);

(c) if so, the details thereof alongwith the salient features of new catering policy;

(d) whether the new Catering Policy is likely to affect adversely the small vendors at railway stations, will render hundred of people jobless, and create monopoly of large companies/capitalists:

(e) if so, the facts thereof and the reaction of the Government thereto alongwith corrective measures taken in this regard ;

(f) whether the Government has received representations from various catering associations of the country in this regard ;

(g) if so, the main demands thereof and the reaction of the Government thereto;

(h) whether the Government propose to make changes in the new Catering Policy; and

(i) if so, the details thereof ?

Answer

MINISTER OF RAILWAYS (SHRI LALU PRASAD)

(a) to (i): A statement is laid on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO
(i) OF STARRED QUESTION NO. 221 BY SHRI HARIKEWAL PRASAD AND SHRI NIKHIL KUMAR CHOUDHARY, TO BE ANSWERED IN LOK SABHA ON 16.12.2004 REGARDING EFFECT OF NEW CATERING POLICY ON SMALL VENDORS

(a): Yes, Sir.

(b) & (c): In terms of the Cabinet decision on 23.3.1999, Indian Railway Catering and Tourism Corporation Ltd. (IRCTC) has been set up with the direction that the catering activity of Railways , whether departmental or franchised, should be completely hived off to the corporation alongwith the staff and the Railways should divest itself of this function. Consequently, in the first phase departmental catering units of seven divisions were handed over to IRCTC on 1.1.2004. In the second phase seven departmental pantry cars and 43 licensee operated pantry cars were handed over to IRCTC and further transfer of major units and small catering units at `A`, `B` & `C` category of stations (around 935 stations only) is in process.

However, as of now, all catering units at `D`, `E` and `F` categories of stations are with the railways and managed by railways only. Such stations are large in numbers (around 7100) and form 88% of total number of railway stations over Indian Railways.

The salient features of the new Catering Policy of 2004 are as under: -

• Enhanced reservation of 49.5 % for Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), Minorities, women including war widow and widows of the railway employees, and physically/mentally handicapped persons at `D`,`E` & `F` category stations, which are large in number (approximately 7,100) and form 88% of the total railway stations over the Indian Railways. Earlier there was only 25% reservation for these categories in Catering Policy of 2000.

• 10 % reservation will be for women including war widows and widows of railway employees and 2 % reservation for physically & mentally handicapped within the 50.5 % general category and 49.5 % of reserved categories in allotment of catering

units at `D`, `E` and `F` categories of stations.

• Two packet open tendering system on competitive bidding basis for award of licences of all major catering units and small catering units at `A`,`B` & `C` category stations, which are only 935 in numbers.

• All new licences of major units and small units at `A`, `B` & `C` category stations to be awarded by IRCTC.

• Licences at `D`, `E` and `F` category stations, which are very large in numbers (nearly 7100), would be awarded by calling applications through press notification and not by tenders.

• Licences at `D`, `E` & `F` category stations to be awarded by Railways and catering units at these stations remain with Railways as of now.

• A ceiling of 15 % within each type of major units and overall ceiling of 10 % in overall major units in holding by a particular licensee.

• Tenure of all major units and all catering units at `D`, `E` & `F` category stations will be 5 years and there will be no renewal of licence after expiry of contract.

• Tenure of all small units at `A`, `B` and `C` category stations will be 3 years and there would be no renewal after expiry of 3 years.

• Eligibility criteria

- For major units applicant should be a reputed company/firm/etc. with a minimum of 5 years experience in the field of catering/hospitality, minimum specified annual turnover, sound financial standing etc.

- For small units at `A`,`B` and `C` category of stations applicants must have a five years experience in the field of catering/hospitality business in case of refreshment rooms/restaurants and two years experience for stalls and trolleys, a minimum specified annual turnover, sound financial standing etc.

- For all catering units at `D`, `E` & `F` category stations applicants must be a professional/reputed caterer with good financial standing and track record etc.

(d) No, Sir. The new catering policy will not affect adversely the small vendors at railway stations as all the licensees on expiry of contracts will be able to participate in the new tenders/selection through application against the existing and fresh licences, subject to their fulfilment of eligibility criteria. Total employment potential will not decrease as the catering/vending units are not being closed. The new policy will not create monopoly of large companies/capitalists in small catering units as the financial and other eligibility criteria are kept considerably low in comparison to the financial and eligibility criteria for award of major catering units.

(e) Does not arise.

(f) & (g) Yes, Sir. Main demands of the various catering associations and the reaction of the Government is as under: -

1. Existing licencees should be given further renewal/extension of the existing licences. Reaction of the Government: The demand of the Associations is under examination in the Ministry of Railways.

2. Financial criteria for participating in tender should be relaxed and existing licencees should be exempted from it. Reaction of the Government: The demand of the Associations is under examination in the Ministry of Railways.

(h) and (i) Yes, Sir. The following demands are under examination in the Ministry of Railways: -

1. Existing licensees should be given further renewal/extension of the existing licences.

2. Financial Criteria for participating in tender should be relaxed and existing licences should be exempted from it.

3. To provide reservation for SCs /STs /OBCs / Minorities /Physically & mentally handicapped/women including war widows and Railway employee`s widows in small catering unit licences at `A`, `B` and `C` category stations as well.

4. To permit renewal of licences of war widows/widows of railway employees, freedom fighters and physically /mentally handicapped licencees subject to satisfactory performance.